

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2051 – HB 2132

April 17, 2018

SUMMARY OF ORIGINAL BILL: Authorizes the Commissioner of the Department of Revenue (DOR) to establish a perfection period with regards to tax liabilities imposed by the Hall Income Tax (HIT) or Franchise and Excise Tax Taxes (F&E). Defines “perfection period” as a period of 10 calendar days, beginning with the date after the date of the first transmission of an electronic HIT or F&E return, which is subsequently rejected. Such perfection period shall allow such taxpayers to: (1) correct any errors in the return that cause it to fail to meet validation criteria established by the Commissioner, and (2) re-transmit such tax return; provided, the Commissioner subsequently accepts the corrected return. Further allows the taxpayer to file a paper return postmarked on or before the expiration of the 10 calendar days; provided that the taxpayer is not required to electronically file or the Commissioner grants the taxpayer permission to file a paper return.

Authorizes the Commissioner to require or allow that any or all HIT or F&E returns be filed using electronic means, to establish validation criteria for electronically filed returns, and reject returns that fail to meet such criteria. A taxpayer’s electronically filed return shall be treated as filed on the date of the last transmission prior to the return being accepted by the Commissioner, or filed when mailed and postmarked; however, a return that complies with the requirements of the perfection period shall be treated as filed on the date of the first electronic transmission.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (017479): Deletes language from the original bill which authorized the Commissioner to require or allow that any or all HIT or F&E tax returns be filed using electronic means, to establish validation criteria for electronically filed returns, and reject returns that fail to meet such criteria.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- This legislation authorizes the DOR to implement a perfection period, or grace period, in which HIT and F&E taxpayers are allowed to correct erroneous electronic tax returns and resubmit such returns.
- This legislation is estimated to have no significant impact on annual HIT or F&E collections.
- According to the DOR, this legislation will require changes to the Department's TNTAP and TR3 computer systems.
- The DOR reports that making such changes to its computer systems prior to the effective date of July 1, 2018, may prove difficult; however, it is assumed that such changes will be made within existing resources to effectuate the provisions of this legislation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb